

CALIFORNIA  
PRISON INDUSTRY AUTHORITY  
BOARD MEETING

GREEN VALLEY TRAINING CENTER  
995 FOLSOM LAKE CROSSING  
FOLSOM, CALIFORNIA, 95630

FRIDAY, JANUARY 25, 2019  
10:06 A.M.

REPORTED BY: MICHELLE M WILSON, CSR 14303, RPR

A P P E A R A N C E S

Ralph Diaz, Board Chair

Darshan Singh, Vice-Chair

BOARD MEMBERS

Dr. Armond Aghakhanian

William Davidson

Dawn Davison

Mack Jenkins

Bob Jennings

Curtis Kelly

Felipe Martin

Jeff McGuire

Michele Steeb

EXECUTIVE OFFICER

Charles L. Pattillo

BOARD SECRETARY

Thy Vuong

CHIEF OF EXTERNAL AFFAIRS

Michele Kane

## A P P E A R A N C E S C O N T I N U E D

ALSO PRESENT

Jeff Sly

Scott Walker

Joshua McKernan

Brian Wilson

David Teeter

Mike O'Kelly

Stanicia Boatner

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| 2. Roll Call -- Thy Vuong, Board Secretary   | 5    |
| 3. Chair and Board Comments -- Ralph Diaz, Chair   | 6    |
| 4. General Manager Comments -- Charles L. Pattillo, Executive Officer  | 7    |
| 5. Closed Session  | --   |
| Pursuant to Government Code Section 11126(a), the Board will meet in closed session to discuss appointment, employment, evaluation of performance, or dismissal of a Public employee |      |
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## P R O C E E D I N G S

BOARD CHAIR DIAZ: Good morning. I want to bring this Prison Industry Board into order, and according to the clock on the watch here it's 10:06 a.m. I would also like to note that this meeting is being held at a publicly noticed location. We will -- we will begin by asking the Board Members to -- Board Secretary to call the roll. So I'll turn it over to Thy.

BOARD SECRETARY VUONG: Chair Diaz?

BOARD CHAIR DIAZ: Present.

BOARD SECRETARY VUONG: Vice Chair Singh?

VICE CHAIR SINGH: Yes.

BOARD SECRETARY VUONG: Member Aghakhanian? Just stepped out. He'll be right back.

(Laughter.)

BOARD SECRETARY VUONG: I'll mark him present. Member Davidson?

BOARD MEMBER DAVIDSON: Here.

BOARD SECRETARY VUONG: Member Davison?

BOARD MEMBER DAVISON: Here.

BOARD SECRETARY VUONG: Member Jenkins?

BOARD MEMBER JENKINS: Present.

BOARD SECRETARY VUONG: Member Jennings?

BOARD MEMBER JENNINGS: Present.

BOARD SECRETARY VUONG: Member Kelly?

1 BOARD MEMBER KELLY: Here.

2 BOARD SECRETARY VUONG: Member Martin?

3 BOARD MEMBER MARTIN: Here.

4 BOARD SECRETARY VUONG: Member McGuire?

5 BOARD MEMBER MCGUIRE: Here.

6 BOARD SECRETARY VUONG: Member Steeb is walking  
7 in in a few minutes, so I'll mark her as present as well.  
8 So let the record show that we have a quorum of 11  
9 Members.

10 BOARD CHAIR DIAZ: Thank you, Thy. So as -- I  
11 want to thank the Prison Industry Board for their  
12 attendance here today. It's a beautiful day here at the  
13 PIA Green Valley location. I do want to open up just  
14 with some quick opening statements and acknowledgments.

15 Acknowledgment one, our new Governor Gavin  
16 Newsom. I've had the opportunity to meet with him on  
17 several occasions, most recently at the wonderful PIA  
18 event at OH Close. I want to thank the PIA Board and PIA  
19 as a whole for their support in that endeavor out there.  
20 It's such great work that is being done for a population  
21 that desperately needs to see hope, and PIA does provide  
22 that hope.

23 CDCR just as a whole, just from the CDCR side,  
24 we are along with that transition and we're looking to  
25 continue in that rehabilitative mode, and I just really

1 appreciate the support that PIA has been giving.

2 With that, I would like to ask our General  
3 Manager if there's any comments or questions.

4 EXECUTIVE OFFICER PATTILLO: No outstanding  
5 comments for right now, Mr. Chairman. We're going to go  
6 ahead and do our closed session.

7 BOARD CHAIR DIAZ: Okay. I will note in the  
8 beginning that there will be a Public Comment Period at  
9 the end. So with that, I'm going to -- if you have  
10 questions, if you'd like to make a public comment, you'll  
11 come up to the dais, state your name and where you're  
12 from. There will be a time limit on the comments; I'm  
13 going to limit that time to three minutes per speaker,  
14 and the time will be kept by our Board Secretary.

15 BOARD SECRETARY VUONG: And I would like to also  
16 note that there is a form available. I have a form for  
17 Speaker Request Forms in here, out in the front, also in  
18 the back. So please do fill it out if you do plan on  
19 speaking; fill it out, and bring it to me.

20 BOARD CHAIR DIAZ: Thank you. So at this time,  
21 I'm going to go into closed session. Thank you.

22 EXECUTIVE OFFICER PATTILLO: I need the CAO and  
23 General Counsel to stay.

24 (Off record: 10:09 a.m.)

25 (Thereupon the Board met in Closed Session.)

1 (On record 11:11 a.m.)

2 BOARD CHAIR DIAZ: The Board is back in session.  
3 It is 11:11. So during closed session, the Board did  
4 discuss recruitment issues, and we made a move, made a  
5 motion to have Scott Walker be appointed as Acting  
6 General Manager effective January 31, 2019, with  
7 continuing recruitment to go on to fill Chuck Pattillo's  
8 departure as General Manager on a full-time basis. So  
9 with the next Action Items we also -- we have the Action  
10 Item A, CALPIA's "Report to the Legislature, Fiscal year  
11 2017-'18."

12 EXTERNAL AFFAIRS CHIEF KANE: Good morning,  
13 Board Members. I'm Michele Kane. The enclosed Report to  
14 the Legislature is in your binders right now. It  
15 highlights CALPIA's activities, showing that we're a  
16 self-supporting state entity providing job training and  
17 skill development to reduce recidivism. I'm going to  
18 take you through the report briefly to capture some of  
19 the highlights.

20 On Page 4, you'll see CALPIA entered into an  
21 additional agreement with CDCR for \$3.3 million to expand  
22 CTE programs. More than 2,000 offenders have graduated  
23 from CTE programs.

24 On Page 5, you'll see the Joint Venture Program/  
25 free Venture Program disbursed more than \$60,700 for



1 victim restitution in '17-'18. Also the Industry  
2 Employment Program began applying for and acquiring  
3 duplicate offender birth certificates for offenders born  
4 in California in '17-'18, which helped.

5 Page 6: CALPIA began partnerships with the U.S.  
6 Department of Labor and the California Department of  
7 Industrial Relations to establish an apprenticeship  
8 system within CDCR institutions. Apprenticeship  
9 opportunities are available at every institution now, and  
10 over 5,000 offenders will be registered as  
11 journeypersons.

12 Page 7: CALPIA offers more than 127  
13 nationally-recognized accredited certifications.  
14 Offenders may also receive certificates of proficiency to  
15 validate their skills. Also on Page 10, the Board  
16 approved \$14.6 million for the CTE expansion, for 17 new  
17 programs, for a total of 45 CTE programs across the  
18 state.

19 On Page 16 -- and if I'm going too fast, let me  
20 know.

21 (Laughter.)

22 EXTERNAL AFFAIRS CHIEF KANE: In June 2018,  
23 CALPIA opened the Darshan Singh Technology Training  
24 Center at San Quentin State Prison.

25 (Applause.)

1           EXTERNAL AFFAIRS CHIEF KANE: On Page 17, let's  
2 get to the finances -- on the financial activity. CALPIA  
3 reported a gain in net position of \$9.2 million in  
4 '17-'18 and a loss in net position of \$53.9 million in  
5 '16-'17, and that was due to that \$62.6 million transfer  
6 by the Department of Finance to the General Fund for the  
7 OPEB. In '17-'18, revenue increased; it increased about  
8 \$7.6 million; it's about a 3.3 percent right now to \$241  
9 million.

10           CALPIA has current assets of \$111.4 million, six  
11 times greater than liabilities of \$18 million and  
12 approximately 70 percent of the total liabilities of \$170  
13 million. CALPIA is well positioned right now to meet  
14 short and long-term obligations and expand work and  
15 training opportunities. So that is good news.

16           On Page 18 and 19 -- I jumped ahead here. These  
17 are my favorite pages by the way. This shows the  
18 successful outcomes. We have success stories of our  
19 programs. These are the men and women with amazing  
20 careers after learning the skills in CALPIA programs, and  
21 they returned to their communities, and they have  
22 successful careers thanks to CALPIA.

23           On Page 20, we return to the financials. CALPIA  
24 paid \$7.3 million for its pro rata data payment for  
25 overall costs of State services. On Page 22, we all know

1 about this. CALPIA expanding optical to CCWF to  
2 accommodate the workload brought on by restoration of  
3 Medi-cal benefits in 2020. Digital Services Enterprise  
4 is going to be expanding to San Quentin State Prison, it  
5 already has, to provide additional technology service and  
6 website accessibility to government agencies,  
7 departments, commissions, boards and councils.

8 Also CALPIA continues to expand its CTE  
9 technology programs in additional prisons. The  
10 technology programs are, of course, an integral part of  
11 State's efforts to bring offenders into the 21st century.

12 Going to Page 24, the Legacy License Plate's  
13 popularity exceeded forecast; it accounted for more than  
14 10 percent of unit sales and 13 percent of total revenue.  
15 On Page 28, CALPIA earned accreditation with American  
16 Correctional Association in January of 2018, with 100  
17 percent compliance on all standards assessed.

18 On Page 29, in 2018, CALPIA added a second  
19 region recycling facility to better meet the needs of  
20 governmental customers and the Governor's and  
21 Legislature's goal of 75 percent recycling, composting,  
22 or source reduction of sold waste. And finally, last but  
23 not least, on Page 30, the rededication of the Leonard  
24 Greenstone Memorial Marine Technology Training Center.  
25 The Commercial Dive program provided training related to

1 offshore oil industry and other types of marine related  
2 work. Former inmates are employed in well-paying jobs in  
3 Commercial Diving, underwater construction, dam repair,  
4 welding, and underwater salvage and recovery.

5 And it is recommended that the Board approve  
6 CALPIA's enclosed "Report to the Legislature for Fiscal  
7 Year 2017-'18."

8 BOARD MEMBER JENNINGS: So moved.

9 BOARD MEMBER AGHAKHANIAN: Second.

10 BOARD CHAIR DIAZ: Any discussion?

11 BOARD MEMBER JENKINS: Just as a discussion.  
12 Just to commend this report. This is really outstanding.  
13 It's just exceptional.

14 BOARD MEMBER STEEB: It's not just the outside,  
15 it's the inside. It's the report, right? It's the  
16 content. It's the outcomes. It's fantastic.

17 BOARD MEMBER JENKINS: Very proud. I'm very  
18 proud. As a Board Member, I'm very proud.

19 EXTERNAL AFFAIRS CHIEF KANE: And I love the  
20 cover because I think this speaks for itself. This shows  
21 pure joy. This shows the excitement of what we're all  
22 about, and, when these men and women that leave our  
23 programs, this is it and you were at that graduation.

24 BOARD MEMBER AGHAKHANIAN: Do we have this in  
25 PDF format?

1           EXTERNAL AFFAIRS CHIEF KANE: Oh, yes we'll have  
2   that all once everything is approved. Of course, we will  
3   bind it really nice and then copies will be made, and I  
4   will go around the Capitol. I'm going to give it to  
5   every Legislator at the Capitol so everybody knows.

6           BOARD MEMBER AGHAKHANIAN: You didn't get my  
7   good side in there.

8           (Laughter.)

9           EXTERNAL AFFAIRS CHIEF KANE: Blame Manny.

10          EXECUTIVE OFFICER PATTILLO: I didn't want to  
11   point it out.

12          BOARD MEMBER AGHAKHANIAN: Warn us next time.

13          BOARD MEMBER KELLY: Maybe that was your good  
14   side and you just don't realize it.

15          BOARD CHAIR DIAZ: Do we have a motion and a  
16   second? Did you get who did that?

17          BOARD SECRETARY VUONG: Yes. I need to call  
18   roll.

19          BOARD CHAIR DIAZ: All in favor of accepting the  
20   motion for the report?

21          (Ayes.)

22          BOARD SECRETARY VUONG: I should actually call  
23   roll individually.

24          BOARD CHAIR DIAZ: Oh, I'm sorry.

25          BOARD SECRETARY VUONG: No. That's okay.

1 BOARD CHAIR DIAZ: I do that quite a bit.  
2 (Laughter.)  
3 BOARD SECRETARY VUONG: Member Aghakhanian?  
4 BOARD MEMBER AGHAKHANIAN: Aye.  
5 BOARD SECRETARY VUONG: Member Davidson?  
6 BOARD MEMBER DAVIDSON: Aye.  
7 BOARD SECRETARY VUONG: Member Davison?  
8 BOARD MEMBER DAVISON: Aye.  
9 BOARD SECRETARY VUONG: Member Kelly?  
10 BOARD MEMBER KELLY: Yes.  
11 BOARD SECRETARY VUONG: Member Jenkins?  
12 BOARD MEMBER JENKINS: Aye.  
13 BOARD SECRETARY VUONG: Member Jennings?  
14 BOARD MEMBER JENNINGS: Aye.  
15 BOARD SECRETARY VUONG: Member Martin?  
16 BOARD MEMBER MARTIN: Yes.  
17 BOARD SECRETARY VUONG: Member McGuire?  
18 BOARD MEMBER MCGUIRE: Aye.  
19 BOARD SECRETARY VUONG: Member Steeb?  
20 BOARD MEMBER STEEB: Aye.  
21 BOARD SECRETARY VUONG: Vice Chair Singh? Vice  
22 Chair Singh?  
23 VICE CHAIR SINGH: Yes.  
24 BOARD SECRETARY VUONG: Chair Diaz?  
25 BOARD CHAIR DIAZ: Aye.

1           BOARD SECRETARY VUONG: The motion passes 11 to  
2     0.

3           BOARD CHAIR DIAZ: Thank you.

4           Moving on to Action Item B. Amend regulations,  
5     Title 15, Section and Division 8, Inmate Recruitment and  
6     Hiring Process.

7           GENERAL COUNSEL SLY: Jeff Sly, General Counsel  
8     for the Prison Industry Authority, Counsel for the Board.  
9     We're back revisiting Section 8004.2. You might remember  
10    that from our June meeting where you ultimately approved  
11    the changes that we are making. At the time, there was  
12    some concern about use in Subdivision F with the word  
13    "may" to include the word "will." I can report to you  
14    now that I have met with our administrators twice since  
15    then; we created a document and documented that they  
16    needed to get the acknowledgment from the inmates we  
17    wanted. We now have 100 percent participation in that.

18           So we're here to change, as Mr. Pattillo said we  
19    would, the words "may" to the words "will." At the same  
20    time, unfortunately, because of the discussion last time  
21    revolved around this change so much, the change in  
22    Subdivision F4 kind of got lost in the -- in the  
23    transcript, so to speak. So it wasn't really clear when  
24    we were going to the Office of Administrative Law that  
25    the approval was for both of those sections. So we

1     figured we'll bring it back today, ask you to reapprove  
2     both, change the "may" to "will," and that should put us  
3     back in the position that we desired in June; and we'll  
4     be where we need to be. We just need re-approval of the  
5     Board for both -- clearly on both of those changes that  
6     we're making and we can resubmit.

7             BOARD MEMBER JENNINGS: So moved.

8             BOARD MEMBER AGHAKHANIAN: Second.

9             BOARD CHAIR DIAZ: So as part of the discussion,  
10     the movement dealt with inmate assignment itself, and  
11     what is the training piece that's actually going to the  
12     institutional level that they know what changed, what the  
13     impact is for them?

14            GENERAL COUNSEL SLY: Well, the first part is it  
15     will not require them to circulate the inmate hiring  
16     list, recirculate for authorization every time they make  
17     a change. That was a time issue, that was a convenience  
18     issue.

19            The second part, where we're talking about the  
20     "will" versus the "may," that was because we had an  
21     inmate problem that developed where somebody did not want  
22     to, in writing, acknowledge that there are rules in  
23     working for PIA and that absent following those rules  
24     they will be unassigned.

25            So we created a document now that's part of the



1 hiring package for the various inmates. Our  
2 administrators have those. Yesterday during our meeting  
3 we talked about it, acknowledged that they're using that.  
4 It's in everybody's file now. They're giving that along  
5 with the initial hiring package that they sign with all  
6 the rules, acknowledging in writing that they have read  
7 those rules, they understand those rules, and be held  
8 accountable for the rules if they violate the rules that  
9 they signed; and also and sign that they refuse to sign  
10 that acknowledging those other things.

11 So I think we've got everything there; it's  
12 already in place. We're just now ready to make it  
13 mandatory as several members wanted it to be in June.

14 BOARD CHAIR DIAZ: Okay. All right. So I have  
15 a motion and a second.

16 VICE CHAIR SINGH: I move.

17 BOARD CHAIR DIAZ: We already have the motion  
18 and the second. Secretary, call roll.

19 BOARD SECRETARY VUONG: Member Aghakhanian?

20 BOARD MEMBER AGHAKHANIAN: Aye.

21 BOARD SECRETARY VUONG: Member Davidson?

22 BOARD MEMBER DAVIDSON: Aye.

23 BOARD SECRETARY VUONG: Member Davison?

24 BOARD MEMBER DAVISON: Aye.

25 BOARD SECRETARY VUONG: Member Kelly?

1 BOARD MEMBER KELLY: Yes.

2 BOARD SECRETARY VUONG: Member Jenkins?

3 BOARD MEMBER JENKINS: Aye.

4 BOARD SECRETARY VUONG: Member Jennings?

5 BOARD MEMBER JENNINGS: Yes.

6 BOARD SECRETARY VUONG: Member Martin?

7 BOARD MEMBER MARTIN: Yes.

8 BOARD SECRETARY VUONG: Member McGuire?

9 BOARD MEMBER MCGUIRE: Aye.

10 BOARD SECRETARY VUONG: Member Steeb?

11 BOARD MEMBER STEEB: Aye.

12 BOARD SECRETARY VUONG: Vice Chair Singh?

13 VICE CHAIR SINGH: Yes.

14 BOARD SECRETARY VUONG: Chair Diaz?

15 BOARD CHAIR DIAZ: Yes.

16 BOARD SECRETARY VUONG: Motion passes 11 to 0.

17 BOARD CHAIR DIAZ: Thank you.

18 So now we'll move on to the external affairs I  
19 believe.

20 EXTERNAL AFFAIRS CHIEF KANE: Hello again. From  
21 the Office of External Affairs, just a couple quick  
22 highlights. We had an amazing event. I know Secretary  
23 Diaz touched on this. At OH Close Youth Correctional  
24 Facility, Governor Newsom speaking at the opening of our  
25 new programs, Code. 7370 and Pre-Apprentice Construction

1 Labor. He also toured both of our programs, and from the  
2 Governor's Office, he was very impressed with our  
3 programs.

4 I want to say thank you to Secretary Diaz. He  
5 also spoke at that event. We also heard from DJJ  
6 Director Chuck Supple, Stockton Mayor Michael Tubbs,  
7 former graduate Aly Tamboura, who now works for  
8 Zuckerberg; Jason Jones was also there; he works for  
9 Fandom, and is a former graduate of Code. 7370. We had  
10 all major news media there, 24 reporters, photographers.  
11 While the Governor talked about his plan for DJJ to move  
12 under Health and Human services, he also promoted and  
13 toured our programs.

14 And we want to thank Vice-Chair Darshan Singh  
15 and Board Member Michelle Steeb for attending that event.  
16 We look forward to seeing you at the next Board Meeting,  
17 which will be held in the spring time? Correct, Scott  
18 Walker?

19 MR. WALKER: Yes.

20 (Laughter.)

21 EXTERNAL AFFAIRS CHIEF KANE: And that concludes  
22 the report.

23 BOARD CHAIR DIAZ: Any questions for Michele?  
24 Thank you very much.

25 So we're going to move on to our Public Comment

1 Period. Did we receive any?

2 BOARD SECRETARY VUONG: We received five.

3 BOARD CHAIR DIAZ: Five? Okay. So I would ask  
4 that as you come up, just state -- state your name, and  
5 there will be a three minute time limit. We have right  
6 now five speakers, and I'm going to ask the Board  
7 Secretary to keep the time for me.

8 BOARD SECRETARY VUONG: Will do. And I would  
9 just like to ask all the guest speakers to go ahead and  
10 step up to the podium.

11 BOARD CHAIR DIAZ: So Joshua McKernan.

12 MR. MCKERNAN: Good morning. My name is Joshua  
13 McKernan. I'm the owner of Morning Glory Dairy in  
14 Susanville, California, and we sell milk and eggs to CCC  
15 and High Desert State Prisons, and we have for the past  
16 55 years; and I'm here today because recently CALPIA took  
17 those waivers away from CCC and High Desert. It's going  
18 to negatively impact our community, Lassen County, as  
19 well as Plumas County.

20 We also sell the milk to the schools and the  
21 hospitals, and it's going to drive our price up locally,  
22 as well as in Plumas County. So I came here today to  
23 please ask CALPIA to provide those waivers for CCC and  
24 High Desert, so we can continue to do the services that  
25 we have been doing with CCC and High Desert as our

1 customer for the past 55 years.

2 It's negatively going to impact my company,  
3 Morning Glory, employees, and their families, and, like I  
4 said, the town of Susanville and surrounding towns of  
5 Susanville as well. We deliver all the way to Quincy for  
6 the schools, and we do in a timely manner, with great  
7 service at that, and we always show up on time; and we,  
8 from what I've studied, I think we do it cheaper than  
9 CALPIA.

10 And I'm just here asking, please, can we  
11 reinstate the waivers for CCC and High Desert, so I can  
12 continue to give people jobs, and we also have -- I'm not  
13 against CALPIA by any means. I just would like to  
14 continue to do the services that we do for our  
15 communities.

16 Thank you very much.

17 BOARD CHAIR DIAZ: Thank you.

18 Brian Wilson.

19 MR. WILSON: My name is Brian Wilson. I'm on  
20 the City Council for the City of Susanville. I'm also  
21 here to speak to you regarding Morning Glory Dairy and  
22 the service they provided to CCC and also to High Desert  
23 over the last 55 years.

24 Our relationship with the Department of  
25 Corrections began in the early 1960s. The California

1 Correctional Center, CCC, opened in 1963. It was one of  
2 the 12 original state prisons that existed prior to 1982,  
3 when CALPIA was established. In the early 1900s through  
4 1960s, the lumbar industry, along with agriculture,  
5 dominated our local economy. After the post World War II  
6 building boom started to decline in the 1950s, the local  
7 lumbar mills starting shutting down. The future of the  
8 local economy was in question, and the local community  
9 leaderships started to look for alternatives.

10 In 1955, our district attorney, Stanley Arnold,  
11 won the special election to state Senate and served in  
12 the capacity until 1965, when one man, one vote caused  
13 the collapse of the Northern State Senate District.  
14 Senator Arnold brokered a deal with Governor Pat Brown to  
15 locate CCC in Susanville in the early '60s. The business  
16 leaders saw it as a way to bolster the local economy in  
17 the wake of the decline of the timber industry.

18 The genesis of the so-called Good Neighbor  
19 Policy grew out of a deal struck between Senator Arnold  
20 and the first Governor Brown. Not only would the new  
21 prison bring jobs but also would invest in our local  
22 economy through the local purchases that would accompany  
23 the operation of the State Prison. The contract between  
24 Morning Glory Dairy and CCC date back to those times.

25 During Governor Jerry Brown's first two terms,

1 laws changed drastically and ten new prisons were built  
2 bringing the number to 22. It was in this expanded  
3 environment that concept of creating CALPIA came into  
4 existence.

5 BOARD SECRETARY VUONG: Time.

6 MR. WILSON: Really? Already?

7 (Laughter.)

8 MR. WILSON: I will be quick, if it's okay with  
9 you, Secretary.

10 BOARD CHAIR DIAZ: Go ahead.

11 MR. WILSON: Your mission is clear, and given  
12 the larger picture makes a lot of sense. We are not in  
13 opposition to CALPIA or your mission. But in the early  
14 '80s, CALPIA recognized the remote location of CCC was  
15 not conducive to providing certain services, such as  
16 those provided by Morning Glory Dairy. The waiver that  
17 has been in effect for more than 35 years is what is  
18 valid, not the arbitrary action of one official without  
19 the due process of law.

20 The CALPIA Statute adopted by the Legislature  
21 and in the Penal Code Article 1, Section 2802(i) clearly  
22 states the public hearing process that is required. That  
23 has not been observed and is incumbent on the CALPIA's  
24 Board Director, Director of CALPIA to reverse this action  
25 until the appropriate due process of law has been

1 observed.

2 Ten years after the founding of CALPIA and  
3 30 years after CCC was built, the Department of  
4 Corrections had four more prisons under construction and  
5 needed to locate four additional sites to build new  
6 prisons. Lassen County and Susanville was the first to  
7 consider becoming one of the four sites. The community,  
8 again, debated the merits of the issue just like we had  
9 in 1962. In addition to the jobs and other benefits, the  
10 purchase of local services where needed was part of the  
11 Good Neighbor Policy that was preached.

12 This was an original document from 1992, which  
13 basically, if you read it, talks about the Good Neighbor  
14 Policy and all the wonderful things that were going to  
15 come from housing another prison. The sales brochure  
16 clearly demonstrates their intent. The community in June  
17 1992 cast Measure D to support the construction of what  
18 became High Desert State Prison in 1995.

19 HDSP obtained similar waivers from CALPIA for  
20 the purchase of some local supplies, similar to those  
21 that CCC operated with. It was not until the early 2000s  
22 that the new director of CALPIA decided to not issue  
23 waivers and cause the first of several failed attempts to  
24 break the Good Neighbor Policy. Then assemblyman Rick  
25 Keen pursued legislation to end the conflict of interest



1     that CALPIA has with its -- with the control of the  
2     waiver policy. The Keen Bill was withdrawn in exchange  
3     for leaving the local waivers alone.

4             In 2010, CALPIA attempted again to drop the  
5     waivers and SB-1130 was introduced by Senator Sam  
6     Aanestad to exempt Pelican Bay State Prison, High Desert  
7     State Prison, CCC, and Mule Creek State Prison  
8     eliminating the need for waivers. Aanestad's Bill was  
9     dropped when CALPIA backed down and issued the waivers to  
10    the four remote State Prisons that have had the Good  
11    Neighbor Policy promised when they were established.

12            That brings us to today. Hopefully the CALPIA  
13    Board will give direction to the new General Manager or  
14    Acting General Manager to restore the promises of the  
15    good neighbor policy and that certain goods and services  
16    would be obtained locally, below the cost of CALPIA can  
17    otherwise provide.

18            I'll just close with we really are not against  
19    -- we are not against CALPIA. We are proud to host two  
20    prisons in this State, as well as the Federal Prison. We  
21    are a remote area. Most people in this room have never  
22    been to Susanville. A lot of them wouldn't even know  
23    where Susanville is. We are a small community, 8,500  
24    people in our city limits, and yet we're in a county the  
25    size of Connecticut. It is as remote you can get in the

1 State of California.

2 So losing any of these types of businesses, and  
3 we're 65 percent government employment in our community,  
4 any loss of employment hurts us; and for you guys, losing  
5 a few jobs, you know, doesn't mean that much. To us, it  
6 means a lot. So I hope you would consider this. Thank  
7 you.

8 BOARD CHAIR DIAZ: Thank you, Mr. Wilson.

9 David Teeter.

10 MR. TEETER: I'm Lassen County supervisor, David  
11 Teeter. I will be briefer than our City Councilman.  
12 City Councilmen tend to go on; supervisors have fewer  
13 things to say.

14 (Laughter.)

15 MR. TEETER: So the County of Lassen is  
16 disappointed in the actions of the CALPIA Board and CDCR.  
17 This feels like an unprovoked and unwarranted attack upon  
18 the county. Now I know that is not the intent, and I do  
19 not believe that now, but the failure of CALPIA in this  
20 matter is a failure to have public hearings and give fair  
21 process and due process to this problem.

22 We do not appreciate it. We do not appreciate  
23 the manner in which information is coming from CALPIA to  
24 the County of Lassen in legitimate form and legitimate  
25 class. Instead what we hear are rumors and accusations

1     that continue to this very day. We would prefer to serve  
2     the largest industry in Lassen County as was promised to  
3     us by CDCR and CALPIA statements that they would leave  
4     local businesses alone.

5             This strikes the very heart of the Lassen County  
6     infrastructure. This isn't something that we can ignore  
7     because it is staples. Eggs and milk is something that  
8     we do not take for granted in an area like ours, where a  
9     change like this could cause the price of milk in our  
10    area to go up significantly.

11            What we ask for, what we have always asked for  
12    is fair process, transparent action. We feel that this  
13    action fails in that manner. So that is my request, that  
14    we continue the waivers until such time as there's  
15    actually has been fair hearing. Thank you for hearing us  
16    today, but it is your obligation. While we appreciate  
17    the opportunity to talk to you, we feel that we should  
18    have had notice and this item should have been a public  
19    hearing with at least six months of notification.

20            So thank you for hearing me today, but we do  
21    request this Board direct its administrative personnel to  
22    return the waivers to the two CDCR --

23            BOARD SECRETARY VUONG: Time.

24            MR. TEETER: Thank you.

25            BOARD CHAIR DIAZ: Thank you, Mr. Teeter.

1 MR. TEETER: Oh, I took a little longer.

2 BOARD CHAIR DIAZ: Mike O'Kelly.

3 MR. O'KELLY: Hi, Chuck. I'm Mike O'Kelly. I  
4 was the owner of Morning Glory Dairy for many decades,  
5 and I sold it to Josh, and I'll give you a little  
6 history. When I first delivered to the CCC, I delivered  
7 milk in ten-gallon cans, and I'd pull in, open the side  
8 door of the truck, and the inmates would take them out;  
9 and, really, ten-gallon cans of milk. It was amazing.

10 Then over the years, you know, we always fought  
11 for the business. We always tried to get it and CALPIA  
12 comes along. But, you know, in the early days, we lost  
13 to For Most. For Most Dairy was the world's largest  
14 dairy, and they were very tough to compete against, and  
15 we had to run a very big operation to compete against the  
16 world's largest dairy. And so we did our best.

17 And then later on we lost out to Dean Foods,  
18 which is the world largest dairy, and we lost those bids  
19 to Dean Foods. At one point in time, Sacramento Dairy  
20 Sales bid and we lost it; and Sacramento Dairy Sales did  
21 it for one quarter and then filed bankruptcy because they  
22 bid too low to survive.

23 And there were various times that we have lost  
24 the egg business. ProPacific out of Chico, they are  
25 very, very large egg producer, egg supplier and

1 distributor in the State of California, and they run a  
2 tight operation; and we fought them tooth and nail for  
3 the egg business for many, many years. They'd get it  
4 some times; we'd get it some times.

5 We've always been very competitive very --  
6 working very, very hard. Got a really good crew of  
7 people that try and help us survive, and we've worked  
8 really, really hard to provide quality products for CCC  
9 and for High Desert Federal Prison, and Chuck and I've  
10 been down this road a few times. My first time ever  
11 seeing him face to face, but we've talked on the phone a  
12 few times, and congratulations on your retirement by the  
13 way. Hope you have a good party, but we really, very  
14 much like you guys to honor the Good Neighbor --

15 BOARD SECRETARY VUONG: Time.

16 MR. O'KELLY: -- Policy, the unwritten policy of  
17 the Good Neighbor for the CDCR and reinstate the waivers,  
18 and we ask with all the humility and all respect. We  
19 have an employee at Morning Glory, Mark McGregor, an  
20 ex-convict. We took him in; we gave him a job, got him a  
21 Class B Driver's License so that he could drive for us.  
22 He loves us. We give him counseling, love and care and  
23 attention, and before him, we had Joey, and before him,  
24 we had Jay Evans. Jay Evans, unfortunately, was a  
25 recidivist so he failed, you know, you can't win them

1 all. But anyway Joey went off to be a bread man after he  
2 left us. So he's a -- he's a distributor. So we trained  
3 him in the distribution business.

4 So we believe in CALPIA. We believe in  
5 recidivism -- reducing recidivism. We believe in what  
6 you do, but, really, for the changes that this is going  
7 to mean to not keep the waivers. It's basically one job,  
8 that is going to take away a Teamster Job, bringing the  
9 milk to Susanville because the milk comes to Susanville  
10 coming from Teamster Local 180 out of Sacramento; and  
11 he's going to lose his job so a convict can bring milk to  
12 Susanville.

13 Basically, you got, you know, one job maybe  
14 20 hours a week worth of that, maybe a little bit of  
15 warehouse time and stuff. But for us, it's really life  
16 and death for Morning Glory in Susanville. Because I'm  
17 Josh's predecessor, selling off to him, it's more of a my  
18 retirement is dependant on his success. So anyway I'm  
19 sure I'm out of time, but anyway, please, if you could  
20 reinstate the waivers. From the heart, thank you.

21 BOARD CHAIR DIAZ: Thank you, Mr. O'Kelly.

22 BOARD MEMBER MARTIN: Just real quick --

23 MR. O'KELLY: Yeah.

24 BOARD MEMBER MARTIN: How many employees does  
25 Morning Glory have?

1           MR. O'KELLY: Morning Glory currently has eight.  
2 We had ten a few months ago but we're down to eight.  
3 We're being proactive and setting ourselves up for the  
4 downturn, the expected downturn, if our efforts here pay  
5 off.

6           BOARD CHAIR DIAZ: Thank you.

7           I should have Stanicia Boatner. Sorry if I  
8 mispronounced the name.

9           MS. BOATNER: Stanicia.

10          BOARD CHAIR DIAZ: Stanicia.

11          MS. BOATNER: I'll say it. It's okay. Good  
12 morning, Chair and Board. Stanicia Boatner on behalf of  
13 the California State Association of Counties. CSAC is  
14 here in support of Lassen County. As you heard from  
15 Supervisor Teeter, and the city councilman, and the  
16 Morning Glory representative, if the State no longer  
17 authorizes the waivers that allows the dairy to provide  
18 milk to the prison, it has a ripple effect on the  
19 community. Not only could this cost this community jobs,  
20 but it could also drive up the cost of milk for everyone  
21 else, like schools that purchase from Morning Glory, as  
22 the representative stated previously.

23          CSAC simply asks that before any decisions are  
24 made that this Board and the State consider the serious  
25 impact that this could have on the community. Thank you.

1           BOARD CHAIR DIAZ: Thank you. Do we have any  
2 others?

3           BOARD SECRETARY VUONG: (Shakes head.)

4           BOARD CHAIR DIAZ: So that will close the Public  
5 Comment Period, and I believe that is our last item on  
6 the agenda. Do we have a motion to adjourn?

7           BOARD MEMBER AGHAKHANIAN: So moved.

8           BOARD MEMBER MARTIN: Second.

9           BOARD CHAIR DIAZ: Any comments or discussion?  
10 Hearing none. Are we good? Okay. Thank you.

11           (Meeting Adjourned.)

12           (Off record: 11:41 a.m.)

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## C E R T I F I C A T E O F R E P O R T E R

I, MICHELLE M. WILSON, a Certified Shorthand Reporter, do hereby certify:

That I am a disinterested person herein; that the foregoing California Prison Industry Authority Board Meeting was reported in shorthand by me, Michelle M. Wilson, a Certified Shorthand Reporter, and thereafter transcribed under my direction, by computer-assisted transcription.

I further certify that I am not of counsel or attorney for any of the parties to said meeting nor in any way interested in the outcome of said meeting.

IN WITNESS WHEREOF, I have hereunto set my hand this 27th day of January 2019.

/s/ Michelle M. Wilson

Michelle Marie Wilson, CSR 14303, RPR